

BY MESSRS. PRATT AND KENDALL  
BY REQUEST

1 IN THE HOUSE

2 HOUSE BILL NO. 174

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska net income  
7 tax; amending Subsec. A, Sec. 5, Ch. 115,  
8 SLA 1949, as last amended by Sec. 1, Ch.  
9 181, SLA 1957."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 Section 1. Subsec. A, Sec. 5, Ch. 115, SLA 1949, as last  
12 amended by Section 1, Ch. 181, SLA 1957, is amended to read:

13 Sec. 5. TAX ON INDIVIDUALS, FIDUCIARIES, CORPORATIONS  
14 AND BANKS. A. GENERAL RULE. There is hereby levied and  
15 there shall be collected and paid for each taxable year  
16 upon the net income of every resident and non-resident in-  
17 dividual, fiduciary and bank required to make a return and  
18 pay a tax under the Federal Income Tax law, a tax equal to  
19 14 percent of the total income tax that would be payable  
20 for the same taxable year to the United States under the pro-  
21 visions of Chapter 1 of subtitle A of the 1954 Internal  
22 Revenue Code, Public Law 591, 83d Congress, 2nd Session, as  
23 amended, upon all income derived from sources within the  
24 State [TERRITORY], without benefit of the deduction of the  
25 tax payable hereunder to the State [TERRITORY]: Provided,  
26 however, that there is hereby levied and there shall be  
27 collected and paid for each taxable year upon the net income  
28 of every resident and non-resident corporation required to  
29 make a return and pay tax under the Federal Income tax law,

HB #174

-1-

1 a tax equal to 18% of the total income tax that would be  
2 payable for the same taxable year to the United States under  
3 provisions of Chapter 1 of Sub Title A of the 1954 Internal,  
4 Revenue Code, Public Law 591, 83d Congress, 2nd Session, as  
5 amended, upon all income derived from sources within the  
6 State [TERRITORY] without benefit of the deductions of the  
7 taxes payable hereunder to the State [TERRITORY]: Provided,  
8 however, the following exceptions, modifications and addi-  
9 tions to the general rule shall apply:

10 [(1) ALL TAXPAYERS WHOSE INCOME INCLUDES A COST OF  
11 LIVING ALLOWANCE WHICH IS EXEMPT FROM THE FEDERAL INCOME  
12 TAX SHALL DETERMINE AND INCLUDE SUCH AMOUNT AS A PART OF  
13 THEIR INCOME AS IF SUCH COST OF LIVING ALLOWANCE HAD NOT  
14 BEEN EXEMPT.]

15 (1) [(2)] Standard exemptions, credits and deductions  
16 may not be claimed by persons who are not residents of  
17 Alaska for the full twelve months of the tax year, and they  
18 shall be subject to the following limitations:

19 (a) Personal exemption and dependency credits  
20 claimed shall be allowed only in that proportion of the  
21 total exemptions and credits as the number of months said  
22 taxpayer is physically present in Alaska bears to 12 months.  
23 A fractional part of the month shall be disregarded unless  
24 it amounts to more than one-half of a month in which case  
25 it shall be considered as a month.

26 (b) 1. Deductions claimed shall be allowed only  
27 if and to the extent that they are directly connected with:

28 a. income which arises from sources within  
29 Alaska; or

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b. property having a situs for taxation within Alaska.

2. Contributions or gifts claimed shall be allowed only:

a. in the amounts other-authorized by this Act; and

b. if such contributions or gifts were made within the tax year to Alaska or any political subdivision thereof for use exclusively for public purposes within Alaska, or to a non-profit corporation or association formed and/or located within Alaska.